



4191-02U

SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2012-0054]

Cost-of-Living Increase and Other Determinations for 2013

AGENCY: Social Security Administration

ACTION: Notice

SUMMARY: Under title II of the Social Security Act (Act), there will be a 1.7 percent cost-of-living increase in Social Security benefits effective December 2012. As a result of this increase, the following items will increase for 2013:

- (1) The maximum Federal Supplemental Security Income (SSI) monthly benefit amounts for 2013 under title XVI of the Act will be \$710 for an eligible individual, \$1,066 for an eligible individual with an eligible spouse, and \$356 for an essential person;
- (2) The special benefit amount under title VIII of the Act for certain World War II veterans will be \$532.50 for 2013;
- (3) The student earned income exclusion under title XVI of the Act will be \$1,730 per month in 2013, but not more than \$6,960 for all of 2013;
- (4) The dollar fee limit for services performed as a representative payee will be \$39 per month (\$76 per month in the case of a beneficiary who is disabled and has an alcoholism or drug addiction condition that leaves him or her incapable of managing benefits) in 2013; and

(5) The dollar limit on the administrative cost assessment charged to attorneys representing claimants will be \$88 in 2013.

The national average wage index for 2011 is \$42,979.61. This index affects the following amounts:

(1) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base will be \$113,700 for remuneration paid in 2013 and self-employment income earned in taxable years beginning in 2013;

(2) The monthly exempt amounts under the OASDI retirement earnings test for taxable years ending in calendar year 2013 will be \$1,260 for years prior to the year in which a person attains his or her Normal Retirement Age (NRA; defined later in this Notice) and \$3,340 for the year in which a person attains his or her NRA;

(3) The dollar amounts ("bend points;" defined later in this Notice) used in the primary insurance amount (PIA) benefit formula for workers who become eligible for benefits, or who die before becoming eligible, in 2013 will be \$791 and \$4,768;

(4) The bend points used in the formula for computing maximum family benefits for workers who become eligible for benefits, or who die before becoming eligible, in 2013 will be \$1,011, \$1,459, and \$1,903;

(5) The amount of taxable earnings a person must have to be credited with a quarter of coverage in 2013 will be \$1,160;

(6) The "old-law" contribution and benefit base under title II of the Act will be \$84,300 for 2013;

(7) The monthly amount deemed to constitute substantial gainful activity for statutorily blind individuals in 2013 will be \$1,740, and the corresponding amount for non-blind disabled persons will be \$1,040;

(8) The earnings threshold establishing a month as a part of a trial work period will be \$750 for 2013; and

(9) Coverage thresholds for 2013 will be \$1,800 for domestic workers and \$1,600 for election officials and election workers.

FOR FURTHER INFORMATION CONTACT: Susan C. Kunkel, Office of the Chief Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-3000. Information relating to this announcement is available on our Internet site at www.socialsecurity.gov/oact/cola/index.html. For information on eligibility or claiming benefits, call 1-800-772-1213, or visit our Internet site, Social Security Online, at www.socialsecurity.gov.

SUPPLEMENTARY INFORMATION: In accordance with the Act, we must publish within 45 days after the close of the third calendar quarter of 2012 the benefit increase percentage and the revised table of "special minimum" benefits (section 215(i)(2)(D)). Also, we must publish on or before November 1 the national average wage index for 2011 (section 215(a)(1)(D)), the OASDI fund ratio for 2012 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 2013

(section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 2013 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 2013 (section 203(f)(8)(A)), the formula for computing a PIA for workers who first become eligible for benefits or die in 2013 (section 215(a)(1)(D)), and the formula for computing the maximum amount of benefits payable to the family of a worker who first becomes eligible for old-age benefits or dies in 2013 (section 203(a)(2)(C)).

Cost-of-Living Increases

General

The cost-of-living increase is 1.7 percent for benefits under titles II and XVI of the Act. Under title II, OASDI benefits will increase by 1.7 percent for individuals eligible for December 2012 benefits, payable in January 2013. This increase is based on the authority contained in section 215(i) of the Act.

Pursuant to section 1617 of the Act, Federal SSI payment levels will also increase by 1.7 percent effective for payments made for the month of January 2013, but paid on December 31, 2012.

Computation

Section 215(i)(1)(B) of the Act defines a "computation quarter" to be a third calendar quarter in which the average Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers exceeded the average CPI in the previous computation quarter. The last cost-of-living increase, effective for those eligible to receive title II benefits for December 2011, was based on

the CPI increase from the third quarter of 2008 to the third quarter of 2011. Accordingly, the last computation quarter is the third quarter of 2011. The law stipulates that a cost-of-living increase for benefits is determined based on the percentage increase, if any, in the CPI from the last computation quarter to the third quarter of the current year. Therefore, we compute the increase in the CPI from the third quarter of 2011 to the third quarter of 2012.

Section 215(i)(1) of the Act provides that the CPI for a cost-of-living computation quarter is the arithmetic mean of this index for the 3 months in that quarter. In accordance with 20 CFR 404.275, we round the arithmetic mean, if necessary, to the nearest 0.001. The CPI for Urban Wage Earners and Clerical Workers for each month in the quarter ending September 30, 2011, is: for July 2011, 222.686; for August 2011, 223.326; and for September 2011, 223.688. The arithmetic mean for that calendar quarter is 223.233. The corresponding CPI for each month in the quarter ending September 30, 2012, is: for July 2012, 225.568; for August 2012, 227.056; and for September 2012, 228.184. The arithmetic mean for this calendar quarter is 226.936. The CPI for the calendar quarter ending September 30, 2012, exceeds that for the calendar quarter ending September 30, 2011 by 1.7 percent (rounded to the nearest 0.1), beginning December 2012. Therefore, a cost-of-living benefit increase of 1.7 percent is effective for benefits under title II of the Act.

Section 215(i) also specifies that a benefit increase under title II, effective for December of any year, will be limited to the increase in the national average wage index for the prior year if the OASDI fund ratio for that year is below 20.0 percent. The OASDI fund ratio for a year is the ratio of the combined assets of the Old-Age and Survivors Insurance and Disability Insurance Trust Funds at the beginning of that year to the combined expenditures of these funds during that

year. For 2012, the OASDI fund ratio is assets of \$2,677,925 million divided by estimated expenditures of \$781,701 million, or 342.6 percent. Because the 342.6 percent OASDI fund ratio exceeds 20.0 percent, the benefit increase for December 2012 is not limited.

Program Amounts that Change Based on the Cost-of-Living Increase

The following program amounts change based on the cost-of-living increase: (1) title II; (2) title XVI; (3) title VIII; (4) the student earned income exclusion; (5) the fee for services performed by a representative payee; and (6) the attorney assessment fee.

Title II Benefit Amounts

In accordance with section 215(i) of the Act, for workers and family members for whom eligibility for benefits (i.e., the worker's attainment of age 62, or disability or death before age 62) occurred before 2013, benefits will increase by 1.7 percent beginning with benefits for December 2012, which are payable in January 2013. In the case of first eligibility after 2012, the 1.7 percent increase will not apply.

For eligibility after 1978, benefits are generally determined using a benefit formula provided by the Social Security Amendments of 1977 (Pub. L. 95-216), as described later in this notice.

For eligibility before 1979, we determine benefits by means of a benefit table. The table is available on the Internet at www.socialsecurity.gov/oact/progdata/tableForm.html or by writing to: Social Security Administration, Office of Public Inquiries, Windsor Park Building, 6401 Security Boulevard, Baltimore, MD 21235.

Section 215(i)(2)(D) of the Act requires that, when we determine an increase in Social Security benefits, we will publish in the Federal Register a revision of the range of the PIAs and corresponding maximum family benefits based on the dollar amount and other provisions described in section 215(a)(1)(C)(i). We refer to these benefits as special minimum benefits. These benefits are payable to certain individuals with long periods of relatively low earnings. To qualify for such benefits, an individual must have at least 11 years of coverage. To earn a year of coverage for purposes of the special minimum benefit, a person must earn at least a certain proportion of the "old-law" contribution and benefit base (described later in this notice). For years before 1991, the proportion is 25 percent; for years after 1990, it is 15 percent. In accordance with section 215(a)(1)(C)(i), the table below shows the revised range of PIAs and corresponding maximum family benefit amounts after the 1.7 percent benefit increase.

Special Minimum PIAs and Maximum Family Benefits Payable for December 2012		
Number of years of coverage	Primary insurance amount	Maximum family benefit
11	\$38.80	\$59.00
12	79.10	119.70
13	119.50	180.10
14	159.60	240.30
15	199.50	300.40

16	240.00	361.10
17	280.20	421.90
18	320.50	482.00
19	360.70	542.50
20	401.10	602.50
21	441.40	663.40
22	481.40	723.70
23	522.30	785.00
24	562.50	844.90
25	602.50	904.70
26	643.40	966.20
27	683.20	1,026.40
28	723.50	1,086.60
29	763.80	1,147.40
30	804.00	1,207.10

Title XVI Benefit Amounts

In accordance with section 1617 of the Act, maximum Federal SSI benefit amounts for the aged, blind, and disabled will increase by 1.7 percent effective January 2013. For 2012, we derived the monthly benefit amounts for an eligible individual, an eligible individual with an eligible spouse, and for an essential person—\$698, \$1,048, and \$350, respectively—from

corresponding yearly unrounded Federal SSI benefit amounts of \$8,386.75, \$12,578.71, and \$4,202.98. For 2013, these yearly unrounded amounts increase by 1.7 percent to \$8,529.32, \$12,792.55, and \$4,274.43, respectively. Each of these resulting amounts must be rounded, when not a multiple of \$12, to the next lower multiple of \$12. Accordingly, the corresponding annual amounts, effective for 2013, are \$8,520, \$12,792, and \$4,272. Dividing the yearly amounts by 12 gives the corresponding monthly amounts for 2013—\$710, \$1,066, and \$356, respectively. In the case of an eligible individual with an eligible spouse, we equally divide the amount payable between the two spouses.

Title VIII Benefit Amount

Title VIII of the Act provides for special benefits to certain World War II veterans residing outside the United States. Section 805 provides that the “benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate [the maximum amount for an eligible individual] under title XVI for the month, reduced by the amount of the qualified individual's benefit income for the month.” Accordingly, the monthly benefit for 2013 under this provision is 75 percent of \$710, or \$532.50.

Student Earned Income Exclusion

A blind or disabled child who is a student regularly attending school, college, university, or a course of vocational or technical training can have limited earnings that are not counted against his or her SSI benefits. The maximum amount of such income that may be excluded in 2012 is \$1,700 per month, but not more than \$6,840 in all of 2012. These amounts increase based on a formula set forth in regulation 20 CFR 416.1112.

To compute each of the monthly and yearly maximum amounts for 2013, we increase the corresponding unrounded amount for 2012 by the latest cost-of-living increase. If the amount so calculated is not a multiple of \$10, we round it to the nearest multiple of \$10. The unrounded monthly amount for 2012 is \$1,696.85. We increase this amount by 1.7 percent to \$1,725.70, which we then round to \$1,730. Similarly, we increase the unrounded yearly amount for 2012, \$6,840.00, by 1.7 percent to \$6,956.28 and round this to \$6,960. Accordingly, the maximum amount of the income exclusion applicable to a student in 2013 is \$1,730 per month but not more than \$6,960 in all of 2013.

Fee for Services Performed as a Representative Payee

Sections 205(j)(4)(A)(i) and 1631(a)(2)(D)(i) of the Act permit a qualified organization to collect from a beneficiary a monthly fee for expenses incurred in providing services performed as such beneficiary's representative payee. In 2012 the fee is limited to the lesser of: (1) 10 percent of the monthly benefit involved; or (2) \$38 per month (\$75 per month in any case in which the beneficiary is entitled to disability benefits and has an alcoholism or drug addiction condition that makes the individual incapable of managing such benefits). The dollar fee limits are subject to increase by the cost-of-living increase, with the resulting amounts rounded to the nearest whole dollar amount. Accordingly, we increase the current amounts by 1.7 percent to \$39 and \$76 for 2013.

Attorney Assessment Fee

Under sections 206(d) and 1631(d) of the Act, whenever we pay fees to an attorney who has represented a claimant, we must impose on the attorney an assessment to cover

administrative costs. Such assessment is no more than 6.3 percent of the attorney's fee or, if lower, a dollar amount that is subject to increase by the cost-of-living increase. We derive the dollar limit for December 2012 by increasing the unrounded limit for December 2011, \$86.87, by 1.7 percent, to \$88.35. We then round \$88.35 to the next lower multiple of \$1. The dollar limit effective for December 2012 is, therefore, \$88.

National Average Wage Index for 2011

Computation

We determined the national average wage index for calendar year 2011 based on the 2010 national average wage index of \$41,673.83, announced in the Federal Register on October 25, 2011 (76 FR 66111), along with the percentage increase in average wages from 2010 to 2011, as measured by annual wage data. We tabulate the annual wage data, including contributions to deferred compensation plans, as required by section 209(k) of the Act. The average amounts of wages calculated directly from these data were \$39,959.30 and \$41,211.36 for 2010 and 2011, respectively. To determine the national average wage index for 2011 at a level that is consistent with the national average wage indexing series for 1951 through 1977 (published December 29, 1978, at 43 FR 61016), we multiply the 2010 national average wage index of \$41,673.83 by the percentage increase in average wages from 2010 to 2011 (based on SSA-tabulated wage data) as follows, with the result rounded to the nearest cent.

Amount

Multiplying the national average wage index for 2010 (\$41,673.83) by the ratio of the average wage for 2011 (\$41,211.36) to that for 2010 (\$39,959.30) produces the 2011 index, \$42,979.61. The national average wage index for calendar year 2011 is about 3.13 percent higher than the 2010 index.

Program Amounts that Change Based on the National Average Wage Index

Under various provisions of the Act, the following amounts change with annual changes in the national average wage index: (1) the OASDI contribution and benefit base; (2) the exempt amounts under the retirement earnings test; (3) the dollar amounts, or "bend points" in the PIA; (4) the bend points in the maximum family benefit formula; (5) the amount of earnings required for a worker to be credited with a quarter of coverage; (6) the "old-law" contribution and benefit base (as determined under section 230 of the Act as in effect before the 1977 amendments); (7) the substantial gainful activity amount applicable to statutorily blind individuals; and (8) the coverage threshold for election officials and election workers. Also, section 3121(x) of the Internal Revenue Code requires that the domestic employee coverage threshold be based on changes in the national average wage index.

In addition to the amounts required by statute, two amounts increase under regulatory requirements -- the substantial gainful activity amount applicable to non-blind disabled persons, and the monthly earnings threshold that establishes a month as part of a trial work period for disabled beneficiaries.

OASDI Contribution and Benefit Base

General

The OASDI contribution and benefit base is \$113,700 for remuneration paid in 2013 and self-employment income earned in taxable years beginning in 2013. The OASDI contribution and benefit base serves as the maximum annual amount of earnings on which OASDI taxes are paid. It is also the maximum annual amount of earnings used in determining a person's OASDI benefits.

Computation

Section 230(b) of the Act provides the formula used to determine the OASDI contribution and benefit base. Under the formula, the base for 2013 is the larger of: (1) the 1994 base of \$60,600 multiplied by the ratio of the national average wage index for 2011 to that for 1992; or (2) the current base (\$110,100). If the resulting amount is not a multiple of \$300, it is rounded to the nearest multiple of \$300.

Amount

Multiplying the 1994 OASDI contribution and benefit base amount (\$60,600) by the ratio of the national average wage index for 2011 (\$42,979.61 as determined above) to that for 1992 (\$22,935.42) produces the amount of \$113,560.79. We round this amount to \$113,700. Because \$113,700 exceeds the current base amount of \$110,100, the OASDI contribution and benefit base is \$113,700 for 2013.

Retirement Earnings Test Exempt Amounts

General

We withhold Social Security benefits when a beneficiary under the NRA has earnings in excess of the applicable retirement earnings test exempt amount. NRA is the age of initial benefit entitlement for which the benefit, before rounding, is equal to the worker's PIA. The NRA is age 66 for those born in 1943-54, and it gradually increases reaching age 67 for those born in 1960 or later. A higher exempt amount applies in the year in which a person attains his or her NRA, but only with respect to earnings in months prior to such attainment, and a lower exempt amount applies at all other ages below NRA. Section 203(f)(8)(B) of the Act, as amended by section 102 of Pub. L. 104-121, provides formulas for determining the monthly exempt amounts. The corresponding annual exempt amounts are exactly 12 times the monthly amounts.

For beneficiaries attaining NRA in the year, we withhold \$1 in benefits for every \$3 of earnings in excess of the annual exempt amount for months prior to such attainment. For all other beneficiaries under NRA, we withhold \$1 in benefits for every \$2 of earnings in excess of the annual exempt amount.

Computation

Under the formula applicable to beneficiaries who are under NRA and who will not attain NRA in 2013, the lower monthly exempt amount for 2013 is the larger of: (1) the 1994 monthly exempt amount multiplied by the ratio of the national average wage index for 2011 to that for 1992; or (2) the 2012 monthly exempt amount (\$1,220). If the resulting amount is not a multiple of \$10, it is rounded to the nearest multiple of \$10.

Under the formula applicable to beneficiaries attaining NRA in 2013, the higher monthly exempt amount for 2013 is the larger of: (1) the 2002 monthly exempt amount multiplied by the ratio of the national average wage index for 2011 to that for 2000; or (2) the 2012 monthly exempt amount (\$3,240). If the resulting amount is not a multiple of \$10, it is rounded to the nearest multiple of \$10.

Lower Exempt Amount

Multiplying the 1994 retirement earnings test monthly exempt amount of \$670 by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1992 (\$22,935.42) produces the amount of \$1,255.54. We round this to \$1,260. Because \$1,260 exceeds the corresponding current exempt amount of \$1,220, the lower retirement earnings test monthly exempt amount is \$1,260 for 2013. The corresponding lower annual exempt amount is \$15,120 under the retirement earnings test.

Higher Exempt Amount

Multiplying the 2002 retirement earnings test monthly exempt amount of \$2,500 by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 2000 (\$32,154.82) produces the amount of \$3,341.61. We round this to \$3,340. Because \$3,340 exceeds the corresponding current exempt amount of \$3,240, the higher retirement earnings test monthly exempt amount is \$3,340 for 2013. The corresponding higher annual exempt amount is \$40,080 under the retirement earnings test.

Primary Insurance Amount (PIA) Benefit Formula

General

The Social Security Amendments of 1977 provided a method for computing benefits that generally applies when a worker first becomes eligible for benefits after 1978. This method uses the worker's average indexed monthly earnings (AIME) to compute the PIA. We adjust the computation formula each year to reflect changes in general wage levels, as measured by the national average wage index.

We also adjust, or index, a worker's earnings to reflect the change in the general wage levels that occurred during the worker's years of employment. Such indexing ensures that a worker's future benefit level will reflect the general rise in the standard of living that will occur during his or her working lifetime. To compute the AIME, we first determine the required number of years of earnings. We then select the number of years with the highest indexed earnings, add the indexed earnings for those years, and divide the total amount by the total number of months in those years. We then round the resulting average amount down to the next lower dollar amount. The result is the AIME.

Computing the PIA

The PIA is the sum of three separate percentages of portions of the AIME. In 1979 (the first year the formula was in effect), these portions were the first \$180, the amount between \$180 and \$1,085, and the amount over \$1,085. We call the dollar amounts in the formula governing the portions of the AIME the "bend points" of the formula. Therefore, the bend points for 1979 were \$180 and \$1,085.

To obtain the bend points for 2013, we multiply each of the 1979 bend-point amounts by the ratio of the national average wage index for 2011 to that average for 1977. We then round these results to the nearest dollar. Multiplying the 1979 amounts of \$180 and \$1,085 by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1977 (\$9,779.44) produces the amounts of \$791.08 and \$4,768.46. We round these to \$791 and \$4,768. Accordingly, the portions of the AIME to be used in 2013 are the first \$791, the amount between \$791 and \$4,768, and the amount over \$4,768.

Consequently, for individuals who first become eligible for old-age insurance benefits or disability insurance benefits in 2013, or who die in 2013 before becoming eligible for benefits, their PIA will be the sum of:

- (a) 90 percent of the first \$791 of their AIME, plus
- (b) 32 percent of their AIME over \$791 and through \$4,768, plus
- (c) 15 percent of their AIME over \$4,768.

We round this amount to the next lower multiple of \$0.10 if it is not already a multiple of \$0.10. This formula and the rounding adjustment described above are contained in section 215(a) of the Act.

Maximum Benefits Payable to a Family

General

The 1977 amendments continued the long-established policy of limiting the total monthly benefits that a worker's family may receive based on his or her PIA. Those amendments also

continued the then-existing relationship between maximum family benefits and PIAs, but changed the method of computing the maximum amount of benefits that may be paid to a worker's family. The Social Security Disability Amendments of 1980 (Pub.L. 96-265) established a formula for computing the maximum benefits payable to the family of a disabled worker. This formula applies to the family benefits of workers who first become entitled to disability insurance benefits after June 30, 1980, and who first become eligible for these benefits after 1978. For disabled workers initially entitled to disability benefits before July 1980 or whose disability began before 1979, we compute the family maximum payable the same as the old-age and survivor family maximum.

Computing the Old-Age and Survivor Family Maximum

The formula used to compute the family maximum is similar to that used to compute the PIA. It involves computing the sum of four separate percentages of portions of the worker's PIA. In 1979, these portions were the first \$230, the amount between \$230 and \$332, the amount between \$332 and \$433, and the amount over \$433. We refer to such dollar amounts in the formula as the bend points of the family-maximum formula.

To obtain the bend points for 2013, we multiply each of the 1979 bend-point amounts by the ratio of the national average wage index for 2011 to that average for 1977. Then we round this amount to the nearest dollar. Multiplying the amounts of \$230, \$332, and \$433 by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1977 (\$9,779.44) produces the amounts of \$1,010.83, \$1,459.11, and \$1,902.99. We round these amounts to \$1,011, \$1,459, and \$1,903. Accordingly, the portions of the PIAs to be used in 2013 are the first \$1,011,

the amount between \$1,011 and \$1,459, the amount between \$1,459 and \$1,903, and the amount over \$1,903.

Consequently, for the family of a worker who becomes age 62 or dies in 2013 before age 62, we will compute the total amount of benefits payable to them so that it does not exceed:

- (a) 150 percent of the first \$1,011 of the worker's PIA, plus
- (b) 272 percent of the worker's PIA over \$1,011 through \$1,459, plus
- (c) 134 percent of the worker's PIA over \$1,459 through \$1,903, plus
- (d) 175 percent of the worker's PIA over \$1,903.

We then round this amount to the next lower multiple of \$0.10, if it is not already a multiple of \$0.10. This formula and the rounding adjustment described above are contained in section 203(a) of the Act.

Quarter of Coverage Amount

General

The amount of earnings required for a quarter of coverage in 2013 is \$1,160. A quarter of coverage is the basic unit for determining whether a worker is insured under the Social Security program. For years before 1978, we generally credited an individual with a quarter of coverage for each quarter in which wages of \$50 or more were paid, or with 4 quarters of coverage for every taxable year in which \$400 or more of self-employment income was earned. Beginning in 1978, employers generally report wages on an annual basis instead of a quarterly basis. With the change to annual reporting, section 352(b) of the Social Security Amendments of 1977 amended

section 213(d) of the Act to provide that a quarter of coverage would be credited for each \$250 of an individual's total wages and self-employment income for calendar year 1978, up to a maximum of 4 quarters of coverage for the year.

Computation

Under the prescribed formula, the quarter of coverage amount for 2013 is the larger of (1) the 1978 amount of \$250 multiplied by the ratio of the national average wage index for 2011 to that for 1976; or (2) the current amount of \$1,130. Section 213(d) provides that if the resulting amount is not a multiple of \$10, it is rounded to the nearest multiple of \$10.

Quarter of Coverage Amount

Multiplying the 1978 quarter of coverage amount (\$250) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1976 (\$9,226.48) produces the amount of \$1,164.57. We then round this amount to \$1,160. Because \$1,160 exceeds the current amount of \$1,130, the quarter of coverage amount is \$1,160 for 2013.

"Old-Law" Contribution and Benefit Base

General

The "old-law" contribution and benefit base for 2013 is \$84,300. This base would have been effective under the Act without the enactment of the 1977 amendments.

The "old-law" contribution and benefit base is used by:

(a) the Railroad Retirement program to determine certain tax liabilities and tier II benefits payable under that program to supplement the tier I payments that correspond to basic Social Security benefits,

(b) the Pension Benefit Guaranty Corporation to determine the maximum amount of pension guaranteed under the Employee Retirement Income Security Act (section 230(d) of the Act),

(c) Social Security to determine a year of coverage in computing the special minimum benefit, as described earlier, and

(d) Social Security to determine a year of coverage (acquired whenever earnings equal or exceed 25 percent of the "old-law" base for this purpose only) in computing benefits for persons who are also eligible to receive pensions based on employment not covered under section 210 of the Act.

Computation

The "old-law" contribution and benefit base is the larger of: (1) the 1994 "old-law" base (\$45,000) multiplied by the ratio of the national average wage index for 2011 to that for 1992; or (2) the current "old-law" base (\$81,900). If the resulting amount is not a multiple of \$300, it is rounded to the nearest multiple of \$300.

Amount

Multiplying the 1994 "old-law" contribution and benefit base amount (\$45,000) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1992 (\$22,935.42) produces the amount of \$84,327.32. We round this amount to \$84,300. Because \$84,300 exceeds the current amount of \$81,900, the "old-law" contribution and benefit base is \$84,300 for 2013.

Substantial Gainful Activity Amounts

General

A finding of disability under titles II and XVI of the Act requires that a person, except for a title XVI disabled child, be unable to engage in substantial gainful activity (SGA). A person who is earning more than a certain monthly amount is ordinarily considered to be engaging in SGA. The amount of monthly earnings considered as SGA depends on the nature of a person's disability. Section 223(d)(4)(A) of the Act specifies a higher SGA amount for statutorily blind individuals under title II while Federal regulations (20 CFR 404.1574 and 416.974) specify a lower SGA amount for non-blind individuals.

Computation

The monthly SGA amount for statutorily blind individuals under title II for 2013 is the larger of: (1) such amount for 1994 multiplied by the ratio of the national average wage index for 2011 to that for 1992; or (2) such amount for 2012. The monthly SGA amount for non-blind disabled individuals for 2013 is the larger of: (1) such amount for 2000 multiplied by the ratio of

the national average wage index for 2011 to that for 1998; or (2) such amount for 2012. In either case, if the resulting amount is not a multiple of \$10, it is rounded to the nearest multiple of \$10.

SGA Amount for Statutorily Blind Individuals

Multiplying the 1994 monthly SGA amount for statutorily blind individuals (\$930) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1992 (\$22,935.42) produces the amount of \$1,742.76. We then round this amount to \$1,740. Because \$1,740 exceeds the current amount of \$1,690, the monthly SGA amount for statutorily blind individuals is \$1,740 for 2013.

SGA Amount for Non-Blind Disabled Individuals

Multiplying the 2000 monthly SGA amount for non-blind individuals (\$700) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1998 (\$28,861.44) produces the amount of \$1,042.42. We then round this amount to \$1,040. Because \$1,040 exceeds the current amount of \$1,010, the monthly SGA amount for non-blind disabled individuals is \$1,040 for 2013.

Trial Work Period Earnings Threshold

General

During a trial work period of 9 months in a rolling 60-month period, a beneficiary receiving Social Security disability benefits may test his or her ability to work and still receive monthly benefit payments. To be considered a trial work period month, earnings must be over a

certain level. In 2013, any month in which earnings exceed \$750 is considered a month of services for an individual's trial work period.

Computation

The method used to determine the new amount is set forth in our regulations at 20 CFR 404.1592(b). Monthly earnings in 2013, used to determine whether a month is part of a trial work period, is such amount for 2001 (\$530) multiplied by the ratio of the national average wage index for 2011 to that for 1999 or, if larger, such amount for 2012. If the amount so calculated is not a multiple of \$10, we round it to the nearest multiple of \$10.

Amount

Multiplying the 2001 monthly earnings threshold (\$530) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1999 (\$30,469.84) produces the amount of \$747.60. We then round this amount to \$750. Because \$750 exceeds the current amount of \$720, the monthly earnings threshold is \$750 for 2013.

Domestic Employee Coverage Threshold

General

The minimum amount a domestic worker must earn so that such earnings are covered under Social Security or Medicare is the domestic employee coverage threshold. For 2013, this threshold is \$1,800. Section 3121(x) of the Internal Revenue Code provides the formula for increasing the threshold.

Computation

Under the formula, the domestic employee coverage threshold amount for 2013 is equal to the 1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 2011 to that for 1993. If the resulting amount is not a multiple of \$100, it is rounded to the next lower multiple of \$100.

Domestic Employee Coverage Threshold Amount

Multiplying the 1995 domestic employee coverage threshold amount (\$1,000) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1993 (\$23,132.67) produces the amount of \$1,857.96. We then round this amount to \$1,800. Accordingly, the domestic employee coverage threshold amount is \$1,800 for 2013.

Election Official and Election Worker Coverage Threshold

General

The minimum amount an election official and election worker must earn so that such earnings are covered under Social Security or Medicare is the election official and election worker coverage threshold. For 2013, this threshold is \$1,600. Section 218(c)(8)(B) of the Act provides the formula for increasing the threshold.

Computation

Under the formula, the election official and election worker coverage threshold amount for 2013 is equal to the 1999 amount of \$1,000 multiplied by the ratio of the national average wage

index for 2011 to that for 1997. If the amount so determined is not a multiple of \$100, it is rounded to the nearest multiple of \$100.

Election Worker Coverage Threshold Amount

Multiplying the 1999 election worker coverage threshold amount (\$1,000) by the ratio of the national average wage index for 2011 (\$42,979.61) to that for 1997 (\$27,426.00) produces the amount of \$1,567.11. We then round this amount to \$1,600. Accordingly, the election worker coverage threshold amount is \$1,600 for 2013.

(Catalog of Federal Domestic Assistance: Program Nos. 96.001 Social Security-Disability Insurance; 96.002 Social Security-Retirement Insurance; 96.004 Social Security-Survivors Insurance; 96.006 Supplemental Security Income)

Michael J. Astrue
Commissioner of Social Security

October 23, 2012
Date